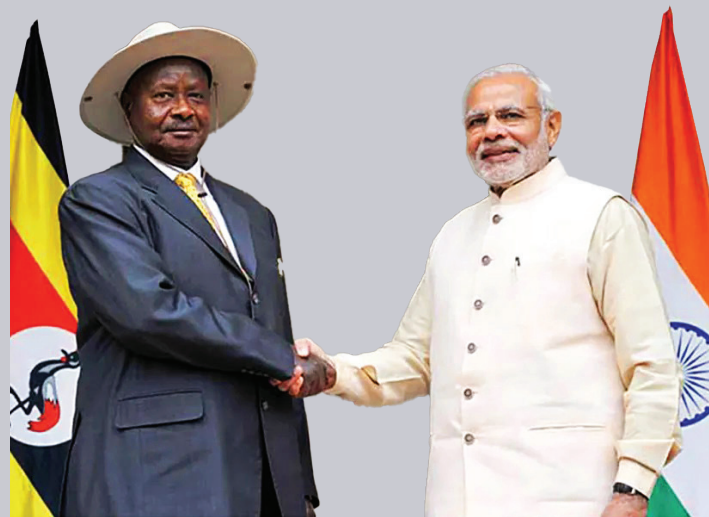


From Trade Deficit to Strategic Partnership: Leveraging Uganda-India Trade Relations for Uganda's Ten-Fold Growth Strategy

Executive summary

This policy brief examines the structure of Uganda-India trade relations and identifies opportunities to align the partnership with Uganda's Ten-Fold Growth Strategy. The findings reveal a persistent structural imbalance, with Uganda exporting predominantly low-value primary commodities while importing higher-value manufactured goods. Uganda's position in India's global trade remains marginal, accounting for less than 0.5 percent of total imports over the 2005-2024 period. In contrast, India plays a more significant role in Uganda's trade, with its share of Uganda's imports remaining above 5 percent in 2024. Despite this imbalance, India presents strategic opportunities for Uganda's industrialisation, particularly in agro-processing, mineral beneficiation, ICT, and services. To address the identified constraints, the brief recommends strengthening value addition, improving market access and standards compliance, leveraging Indian investment for export-oriented industrialisation, promoting digital trade partnerships, and enhancing the overall business and investment environment.



Introduction

Uganda and India maintain a longstanding bilateral relationship dating back to the early 1900s, formally institutionalised in 1965. Although disrupted in the 1970s following the expulsion of the Asian community from Uganda, economic cooperation resumed after 1986 and has since expanded across key sectors including trade, investment, education, and health.

In recent years, India has emerged as an important economic partner for Uganda, with engagement spanning manufacturing, agro-processing, pharmaceuticals, information and communication technology (ICT), education, and services,

sectors closely aligned with Uganda's industrialisation and human capital development priorities.

Despite this progress, Uganda-India economic relations remain structurally imbalanced. Uganda's exports are concentrated in low-value primary commodities with limited value addition, while India exports higher-value manufactured goods and services. At the same time, Uganda's share in India's global trade remains marginal, reflecting limited integration into the Indian market.

Uganda's Ten-Fold Growth Strategy provides a clear framework for addressing these constraints by prioritising export-led

growth, value addition, and industrialisation. The strategy targets an increase in exports from about 12 percent of GDP in 2022 to 50 percent by 2040, alongside a shift toward higher-value manufactured products (MoFPED, 2023). This provides a strategic framework for leveraging bilateral partnerships such as Uganda-India relations to expand exports and enhance competitiveness in the Indian market.

Drawing on evidence from the Uganda-India bilateral trade study¹, complemented by additional analyses and insights from the proceedings of the trade forum on Uganda-India bilateral relationship², this policy brief assesses the structure of trade relations and identifies key opportunities for strengthening Uganda’s position in the Indian market.

1 Nattabi, A.K., Okillong, P., Nalweera, A. & Shinyekwa, I.M.B., 2025. *Uganda-India bilateral relations: Opportunities for trade, investment and collaboration*: <https://eprcug.org/publication/uganda-india-bilateral-relations-opportunities-for-trade-investment-and-collaboration-under-the-fourth-national-development-plan/>
 2 Economic Policy Research Centre, 2025. *Rapporteur Report: Trade Forum on Uganda-India Bilateral Relationship: Opportunities for Trade, Investment, and Collaboration*, held on 02 October 2025, Kampala.

2. Key observations

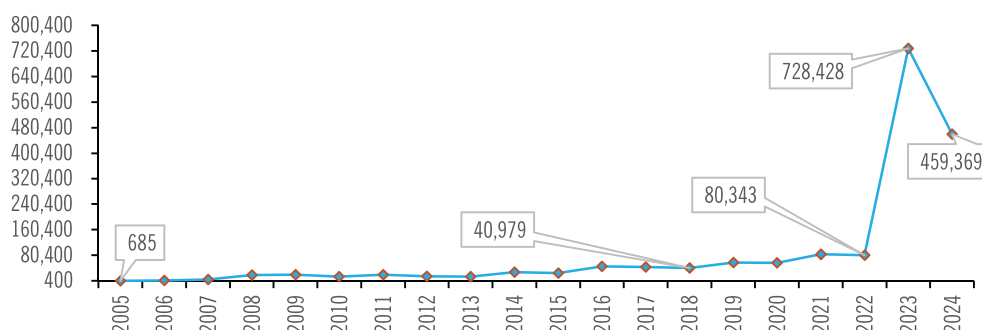
2.1 Uganda’s exports to India remain concentrated in primary commodities

Although Uganda’s exports to India have increased over time, from USD 41 million in 2018 to USD 80 million in 2022, before rising sharply to USD 728 million in 2023 (Figure 1A), this growth remains largely driven by narrow set of primary commodities. This concentration is evident in 2023, where gold alone accounted for 76.8 percent of exports, followed by coffee (16.75 percent) and other agricultural products (2.97 percent), while all other products contributed only 3.44 percent (Figure 1B).

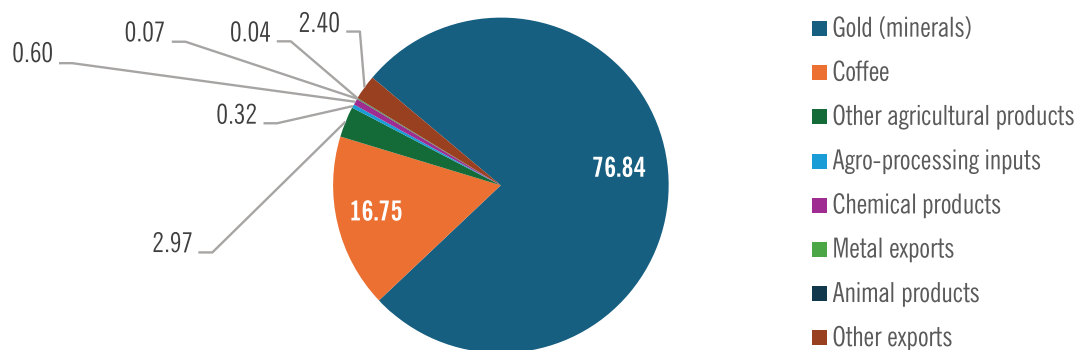
This pattern highlights the limited diversification of Uganda’s export basket, which continues to be dominated by primary, unprocessed, and semi-processed products. It also reflects underlying structural constraints, including limited industrial capacity, inadequate value addition, and weak integration into global value chains.

Figure 1 Regulation of land and labour services

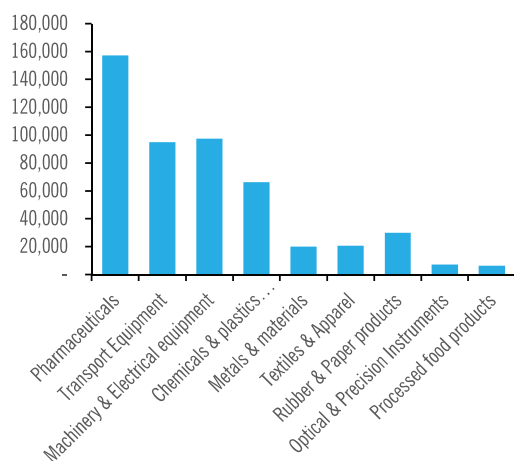
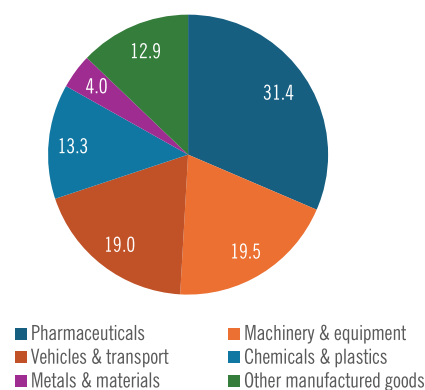
1A: Uganda’s exports to India (USD 000)



1B: Composition of Uganda’s exports to India by product category (%)



Source: Authors’ construction using ITC Trademap (2026).

Figure 2 India's exports to Uganda by product category and composition, 2015-2024**2A: India's exports to Uganda by major product categories (USD 000, Average)****2B: Composition of India's exports to Uganda, (% Average)**

Source: Authors' construction using ITC Trademap (2026).

2.2 India exports higher-value manufactured goods to Uganda

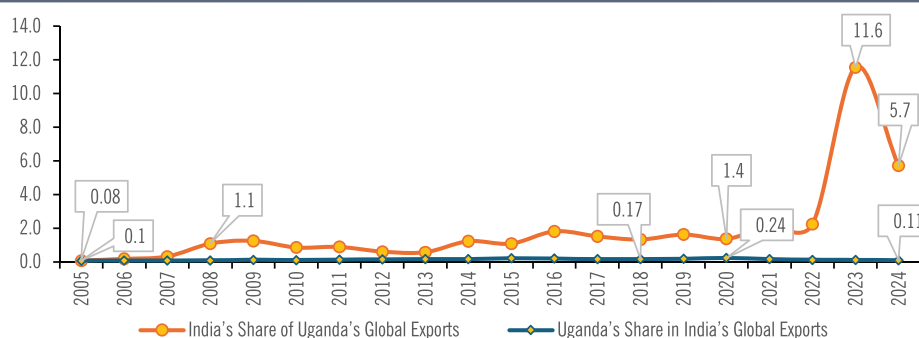
While Uganda's exports are concentrated in primary commodities, India's exports to Uganda are characterised by a diversified mix of higher value manufactured goods. Although exports peaked at over USD 1.5 billion in 2014 (Nattabi et al., 2025), the composition has remained consistently centred on pharmaceuticals (31.4 percent), machinery and equipment (19.5 percent), vehicles and transport (19.0 percent), chemicals and plastics (13.3 percent), metals and materials (4.0 percent) and other manufactured goods (12.9 percent) (Figure 2B), reflecting a more advanced level of industrialisation and value addition (Figure 2A).

Despite fluctuations in export values over time, this composition has remained largely unchanged, with manufactured goods continuing to dominate India's export basket. This highlights a clear structural asymmetry in the bilateral trade relationship, where India captures a larger share of value.

2.3 Uganda occupies a relatively small position in India's global trade

Despite longstanding diplomatic and economic ties, Uganda's participation in India's global trade remains minimal, accounting for less than 0.5 percent of total imports through 2005-2024. As shown in Figure 3, this share peaked at 0.24 percent in 2020 before declining to 0.11 percent in 2024, a trend that is consistent with Uganda's low ranking as India's 79th import source, underscoring its weak integration into the Indian market.

In contrast, India plays a much more significant role in Uganda's trade landscape, its share of Uganda's total exports increased sharply from 2.2 percent in 2022 to nearly 11 percent in 2023, before moderating to 5.7 percent in 2024. In 2024, India ranked as Uganda's sixth largest export destination and fourth largest import source.

Figure 3 Uganda's share in India's global trade and India's share in Uganda's trade (%)

Source: Authors' construction using ITC Trademap (2026).

Recent Policy Briefs

“What are the key drivers of Uganda’s persistent informal sector?”

Issue No. 194, February 2026
By Emmanuel Erem, Rehema Kahunde and Brian Sserunjogi

“Ensuring Continuity: Succession Planning Strategies for Ugandan Family Enterprises”

Issue No. 193, January 2026
By Linda Nakato and Pauline Nakitende

“How the gender gap in phone ownership limits women’s access to formal financial services in Uganda.”

Issue No. 192, February 2026
By Phionah Namuliira

About the Authors

Emmanuel Menya is a Young Professional at the Economic Policy Research Centre, Kampala, Uganda.

Aida Kibirige Nattabi is a Research Analyst at the Economic Policy Research Centre, Kampala, Uganda.

Philemon Okillong is a Research Analyst at the Economic Policy Research Centre, Kampala, Uganda.

Isaac M.B. Shinyekwa is a Senior Research Fellow at the Economic Policy Research Centre, Kampala, Uganda.

The views expressed in this publication are those of the authors and do not necessarily represent the views of the Economic Policy Research Centre (EPRC) or its management.

Copyright © 2026
Economic Policy Research Centre

Emerging policy actions

Transforming Uganda-India trade relations into a strategic economic partnership requires focused interventions that directly address the structural constraints identified in this brief, particularly the dominance of primary commodity exports and Uganda’s limited penetration in the Indian market.

Promoting value addition is central to reducing Uganda’s dependence on primary commodity exports. During the trade policy dialogue, stakeholders, highlighted that Uganda’s export structure remains concentrated in low-value segments, largely reflecting weak industrial linkages and limited processing capacity. Addressing this will require targeted support for agro-processing and mineral beneficiation, including investment incentives for processing industries, enforcement of quality standards, and strengthening of backward linkages within value chains.

Address market access constraints through targeted trade facilitation and standards compliance. Uganda’s limited presence in the Indian market reflects persistent non-tariff barriers and challenges in meeting certification requirements. Stakeholder feedback points to certification bottlenecks as a key constraint to export performance. Addressing these constraints will require streamlining certification processes, strengthening coordination among regulatory agencies, and enhancing trade diplomacy to reduce non-tariff barriers.

Leverage digital trade and ICT partnerships with India to drive export diversification. Given India’s global leadership in ICT, stakeholders identify digital services as a strategic entry point for Uganda’s export diversification, offering a scalable pathway into higher-value international markets. Realising this potential will require strengthening digital infrastructure, expanding ICT skills development, and promoting partnerships that support technology transfer and innovation.

Strengthen the investment ecosystem to support export-oriented industrialisation. Investment into productive sectors remains constrained by regulatory inefficiencies and high operational costs, limiting Uganda’s ability to attract export-oriented investment. Addressing these constraints will require improving the business environment through targeted regulatory reforms, strengthening infrastructure and logistics systems, and better aligning trade, industrial, and investment policies.

Conclusion

Uganda and India maintain a growing economic partnership; however, its current structure remains characterised by a persistent imbalance, with Uganda exporting predominantly low-value primary commodities while importing higher-value manufactured goods. This pattern reflects underlying structural constraints, including limited industrial capacity, weak value addition, and low market penetration in India.

Addressing these imbalances will require targeted policy action to strengthen value addition, expand export diversification, and deepen productive investment linkages. In this regard, aligning Uganda-India cooperation with the Ten-Fold Growth Strategy and the ATMS agenda provides a clear pathway for advancing industrialisation, enhancing competitiveness, and achieving sustained export-led growth.

Recommendations

1. Promote value addition in agro-processing and mineral beneficiation to reduce reliance on raw commodity exports.
2. Strengthen market access and standards compliance capacity to address non-tariff barriers and improve Uganda’s penetration in the Indian market.
3. Leverage Indian investment strategically towards export-oriented and industrial sectors to support technology transfer and value chain integration.
4. Improve the investment and business environment to attract high-quality, export-oriented private sector investment.

Reference

- Economic Policy Research Centre., 2025. Rapporteur Report: Trade Forum on Uganda-India Bilateral Relationship: Opportunities for Trade, Investment, and Collaboration. Kampala: EPRC.
- Ministry of Finance, Planning and Economic Development., p2023. Uganda’s Tenfold Growth Strategy. *Government of Uganda*. <https://create.finance.go.ug/sites/default/files/2025-06/TENFOLD%20GROWTH%20STRATEGY.pdf>
- Nattabi, A. K., Okillong, P., Nalweera, A., and Shinyekwa, I. M. B., 2025. Uganda-India bilateral relations: Opportunities for trade, investment and collaboration under the Fourth National Development Plan. *Economic Policy Research Centre*, 38. <https://eprcug.org/publication/uganda-india-bilateral-relations-opportunities-for-trade-investment-and-collaboration-under-the-fourth-national-development-plan/>


The Economic Policy Research Centre (EPRC) is an autonomous not-for-profit organization established in 1993 with a mission to foster sustainable growth and development in Uganda through advancement of research –based knowledge and policy analysis.

Learn more at:

 www.eprcug.org

 TWITTER: @EPRC_official

 www.facebook.com/EPRCUGanda

 eprcug.org/blog

Address:

Economic Policy Research Centre
51, Pool Road, Makerere University Campus,
P. O. Box 7841 Kampala, Uganda
Tel: +256414541023/4 Fax: +256414541022
Email: eprc@eprcug.org, Website: www.eprcug.org